

Tucows Inc.
Consolidated Balance Sheets
(Dollar amounts in U.S. dollars)

	September 30, 2009	December 31, 2008
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	(unaudited)	(unaudited)
Assets		
Current assets:		
Cash and cash equivalents	\$ 8,154,455	\$ 5,427,467
Accounts receivable	3,929,882	3,200,362
Prepaid expenses and deposits	2,743,505	2,274,043
Derivative instrument assets	1,927,475	-
Prepaid domain name registry and ancillary services fees, current portion	31,513,882	29,212,610
Deferred tax asset, current portion	590,000	590,000
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Total current assets	48,859,199	40,704,482
Prepaid domain name registry and ancillary services fees, long-term portion	12,143,175	11,855,971
Property and equipment	2,148,509	3,072,958
Deferred financing charges	49,300	78,500
Deferred tax asset, long-term portion	2,410,000	2,410,000
Intangible assets	19,041,083	20,206,996
Goodwill	17,990,807	17,990,807
Investment	-	200,000
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Total assets	\$102,642,073	\$ 96,519,714
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Liabilities and Stockholders' Equity		
Current liabilities:		
Accounts payable	\$ 1,373,068	\$ 1,633,830
Accrued liabilities	1,888,427	2,000,146
Customer deposits	3,764,320	3,319,241
Derivative instrument liabilities	-	1,974,919
Loan payable, current portion	3,698,685	2,624,242
Deferred revenue, current portion	40,303,458	37,985,821
Accreditation fees payable, current portion	508,180	510,548
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Total current liabilities	51,536,138	50,048,747
Deferred revenue, long-term portion	16,198,501	16,201,804
Accreditation fees payable, long-term portion	187,285	187,374
Loan payable, long-term portion	-	3,235,125
Deferred tax liability, long-term portion	4,899,000	5,396,000
Stockholders' equity:		
Preferred stock - no par value, 1,250,000 shares authorized; none issued and outstanding	-	-
Common stock - no par value, 250,000,000 shares authorized; 67,865,096 shares issued and		

outstanding as of September 30, 2009 and 73,073,782 shares issued and outstanding as of December 31, 2008	14,187,313	15,198,358
Additional paid-in capital	47,601,377	48,714,676
Deficit	(31,967,541)	(42,462,370)
Total stockholders' equity	29,821,149	21,450,664
Total liabilities and stockholders' equity	\$102,642,073	\$ 96,519,714

Tucows Inc.
Consolidated Statements of Operations
(Dollar amounts in U.S. dollars)

	Three months ended September 30,		Nine months ended September 30,	
	2009	2008	2009	2008
	(unaudited)		(unaudited)	
Net revenues	\$ 20,496,129	\$ 20,147,195	\$ 60,609,673	\$ 59,308,731
Cost of revenues:				
Cost of revenues(*)	14,770,868	13,981,247	42,942,314	40,794,276
Depreciation of property and equipment	475,445	795,445	1,416,834	2,437,542
Amortization of intangible assets	29,199	29,199	87,597	134,597
Total cost of revenues	15,275,512	14,805,891	44,446,745	43,366,415
Gross profit	5,220,617	5,341,304	16,162,928	15,942,316
Expenses:				
Sales and marketing(*)	1,568,727	1,705,512	4,261,070	5,132,380
Technical operations and development(*)	1,142,331	1,527,237	3,421,825	4,666,832
General and administrative(*)	1,145,951	1,714,563	4,608,173	4,805,853
Depreciation of property and equipment	64,704	57,386	230,336	177,317
Loss on disposition of property and equipment	40,369	498,529	40,369	498,529
Amortization of intangible assets	360,540	360,540	1,081,620	1,122,655
(Gain) / loss in fair value of forward exchange contracts	(1,878,230)	525,571	(3,902,394)	555,364

Total expenses	2,444,392	6,389,338	9,740,999	16,958,930
Income from operations	2,776,225	(1,048,034)	6,421,929	(1,016,614)
Other income (expenses):				
Interest income (expense), net	(52,887)	(90,859)	(178,669)	(467,264)
Other income	1,880,000	1,098,245	4,493,190	2,631,010
Total other income (expenses)	1,827,113	1,007,386	4,314,521	2,163,746
Income before provision for income taxes	4,603,338	(40,648)	10,736,450	1,147,132
Income tax (recovery) expense	(447,455)	30,000	241,621	91,134
Net income (loss) for the period	\$ 5,050,793	\$ (70,648)	\$ 10,494,829	\$ 1,055,998
Basic earnings (loss) per common share	\$ 0.07	\$ (0.00)	\$ 0.15	\$ 0.01
Shares used in computing basic earnings per common share	68,008,871	73,923,542	69,841,981	73,903,998
Diluted earnings (loss) per common share	\$ 0.07	\$ (0.00)	\$ 0.15	\$ 0.01
Shares used in computing diluted earnings per common share	68,874,517	74,817,244	70,156,521	75,245,047
(*) Stock-based compensation has been included in expenses as follows:				
Cost of revenues	\$ 3,860	\$ 5,500	\$ 12,227	\$ 14,600

Sales and marketing	\$	12,807	\$	17,200	\$	42,764	\$	48,500
Technical operations and development	\$	12,395	\$	13,100	\$	34,116	\$	41,800
General and administrative	\$	70,748	\$	52,500	\$	142,641	\$	128,600

Tucows Inc.
Consolidated Statements of Cash Flows
(Dollar amounts in U.S. dollars)

	Three months ended September 30, 2009		Nine months ended September 30, 2009	
	2008		2008	
	----- (unaudited)		----- (unaudited)	
Cash provided by (used in):				
Operating activities:				
Net income (loss) for the period	\$	5,050,793	\$	(70,648)
Items not involving cash:				
Depreciation of property and equipment		540,149		852,831
Loss on disposition of property and equipment		40,369		498,529
Amortization of deferred financing charges		9,100		12,200
Amortization of intangible assets		389,739		389,739
Gain on disposal of investment in Afilias		(1,880,000)		-
Gain on sale of customer relationships		-		(921,384)
Reduction of deferred tax liability		(497,000)		-
Disposal of domain names		649		4,705
Unrealized (gain)/loss in the fair value of forward contracts		(1,878,230)		525,571
Stock-based compensation		99,810		88,300
Change in non-cash operating working capital:				
Accounts receivable		(465,454)		(518,310)
Prepaid expenses and deposits		419,761		641,629
Prepaid fees for				

domain name registry and ancillary services fees	33,425	(775,955)	(2,588,476)	(4,482,752)
Accounts payable	(977,967)	(480,839)	(597,560)	(231,770)
Accrued liabilities	(115,362)	(177,701)	(111,719)	(868,765)
Customer deposits	592,612	(167,691)	445,079	(148,692)
Deferred revenue	(398,657)	(9,699)	2,314,334	3,767,955
Accreditation fees payable	(46,762)	6,245	(2,457)	40,365
Income taxes payable	(835,398)	-	-	-
Net cash provided by (used in) operating activities	81,577	(102,478)	3,585,559	2,594,504
Financing activities:				
Proceeds received on exercise of stock options	-	-	25,422	9,450
Repurchase of common stock	(570,335)	-	(2,381,514)	-
Repayment of loan payable	(478,561)	(478,561)	(2,160,682)	(8,435,681)
Net cash used in financing activities	(1,048,896)	(478,561)	(4,516,774)	(8,426,231)
Investing activities:				
Cost of domain names acquired	-	-	(5,900)	(8,944)
Additions to property and equipment	(281,282)	(627,024)	(426,292)	(1,922,764)
Sale of customer relationships	-	921,384	-	2,343,114
Proceeds on disposition of property and equipment	-	66,039	-	66,039
Proceeds on disposal of investment in Afilias	1,980,000	-	4,090,395	-
Decrease in cash held in escrow	-	(5,396)	-	(18,161)
Net cash provided by investing activities	1,698,718	355,003	3,658,203	459,284
Increase (decrease) in cash and cash equivalents	731,399	(226,036)	2,726,988	(5,372,443)
Cash and cash equivalents, beginning of period	7,423,056	2,947,069	5,427,467	8,093,476
Cash and cash				

equivalents, end of period	\$ 8,154,455	\$ 2,721,033	\$ 8,154,455	\$ 2,721,033
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Supplemental cash flow information:

Interest paid	\$ 52,983	\$ 100,060	\$ 181,012	\$ 552,298
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Supplementary disclosure of non-cash investing activity:

Property and equipment acquired during the period not yet paid for	\$ 343,777	\$ 117,733	\$ 343,777	\$ 117,733
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